

MADAM CHAIRMAN DELAURO, MEMBERS OF THE COMMITTEE

MY NAME IS PETER CAREY; I AM THE PRESIDENT OF SELF-HELP ENTERPRISES, KNOWN AS “SHE”. I AM ALSO A MEMBER OF THE CALIFORNIA HOUSING FINANCE AGENCY BOARD, A LONG-TIME STEERING COMMITTEE MEMBER OF STAND UP FOR RURAL AMERICA, AND A FORMER MAYOR OF THE CITY OF VISALIA, CALIFORNIA. TODAY I AM REPRESENTING 1,700 RURAL COMMUNITY DEVELOPMENT CORPORATIONS (CDC’S) THAT ARE MEMBERS OF THE STAND UP FOR RURAL AMERICA NETWORK, AND THOUSANDS MORE WHO SHARE OUR GOALS AND WORK.

AS OF 2006, RURAL COMMUNITY DEVELOPERS HAVE BUILT, RENOVATED OR REPAIRED CLOSE TO ONE MILLION AFFORDABLE HOMES, ASSISTED NEARLY 170,000 BUSINESSES AND GENERATED BETTER THAN 415,000 JOBS. THEY HAVE ALSO PROVIDED MORE THAN \$3 BILLION IN INVESTMENT CAPITAL.

SELF-HELP ENTERPRISES IS A NONPROFIT HOUSING AND COMMUNITY DEVELOPMENT ORGANIZATION SERVING CALIFORNIA’S SAN JOAQUIN VALLEY. HOME TO HALF OF CALIFORNIA’S FARMWORKERS, THE VALLEY IS CHARACTERIZED BY THE SAME PROBLEMS FACING MUCH OF RURAL AMERICA –LOW INCOMES, HIGH POVERTY RATES, SUBSTANDARD HOUSING AND UNSAFE DRINKING WATER. AT THE SAME TIME, NEW RESIDENTS ARE ARRIVING SEEKING LESS EXPENSIVE HOUSING, DRIVING UP LOCAL LAND AND HOUSING PRICES.

IN THE PAST 42 YEARS, SELF-HELP ENTERPRISES HAS BUILT MORE THAN 6500 AFFORDABLE HOMES AND APARTMENTS FOR FARMWORKERS AND OTHER LOW INCOME FAMILIES, AND BROUGHT SAFE DRINKING WATER TO OVER 10,000 HOUSEHOLDS. THESE ACHIEVEMENTS MIRROR THE WORK OF 3,200 OTHER NONPROFIT CDCS WORKING TO TRANSFORM RURAL COMMUNITIES ACROSS THE COUNTRY.

LET ME BEGIN WITH A FEW KEY POINTS. THERE ARE MANY FEDERAL DEFINITIONS OF “RURAL.” THE MOST COMMONLY USED IS THE U.S. CENSUS DEFINITION OF NON-METROPOLITAN COUNTIES. IN EFFECT, IT IS THE ONLY DEFINITION WHICH CAN BE USED TO COLLECT AND ANALYZE RURAL DATA. YET, MORE THAN HALF OF ALL RURAL PEOPLE LIVE OUTSIDE NON-METRO COUNTIES. AND THE NUMBER OF NONMETRO COUNTIES IS SHRINKING FAST AS NEW FEDERAL STANDARDS ARE APPLIED.

MANY, IF NOT MOST PEOPLE EQUATE “RURAL” WITH “AGRICULTURE.” BUT MOST AGRICULTURE OCCURS AND MOST FARM WORKERS LIVE IN METRO COUNTIES. THE THREE MOST PRODUCTIVE AGRICULTURAL COUNTIES IN THE NATION ARE AMONG THE 8 COUNTIES SELF-HELP ENTERPRISES SERVES, NOT ONE OF THESE COUNTIES IS NON-METRO AGRICULTURE ACCOUNTS FOR ONLY 8 PERCENT OF THE NON-METROPOLITAN/RURAL WORKFORCE. TODAY, JOB GROWTH IS IN SERVICE INDUSTRIES LIKE RECREATION, TOURISM AND HEALTH.

THE LACK OF A SINGLE “RURAL” DEFINITION IS BOTH CONFUSING AND FRUSTRATING, BUT IT REFLECTS THE REAL RURAL DIVERSITY AND THE NEED FOR FLEXIBILITY IN PUBLIC POLICIES AND PROGRAMS.

POLICY MAKERS MUST LOOK BEYOND THE SIMPLISTIC DEFINITIONS AND STEREOTYPES TO SEE THE FULL PICTURE. IT IS IMPORTANT THAT WE SEE A DIVERSE AND LOCALIZED PICTURE SO WE CAN ADDRESS REAL NEEDS, FOCUS ON REAL OPPORTUNITIES, AND SUPPORT DIVERSE AND LOCALIZED APPROACHES.

FOR DECADES, COMMUNITY DEVELOPMENT CORPORATIONS (CDCS) HAVE SPEARHEADED RESPONSIVE, LOCALIZED DEVELOPMENT INITIATIVES. IN MANY RURAL PLACES, THERE IS ALREADY AN EFFECTIVE AND DIVERSE, THOUGH UNDER APPRECIATED, HUMAN AND CORPORATE INFRASTRUCTURE. THERE IS A PERSISTENT MISIMPRESSION THAT MOST COMMUNITY DEVELOPMENT CAPACITY IS URBAN-BASED. THE FACT IS THAT HALF THE CDCS NATIONWIDE SERVE THE COUNTRYSIDE.

IN 2006, WITH SUPPORT FROM THE W.K. KELLOGG FOUNDATION AND BANK OF AMERICA, STAND UP FOR RURAL AMERICA ANALYZED AND PUBLISHED SURVEY RESULTS SHOWING THAT THERE ARE 3,168 CDCS, RUN BY AND FOR LOCAL PEOPLE, INVESTING IN THEIR RURAL COMMUNITIES. THE MAJORITY, (87%), UNDERTAKE HOUSING DEVELOPMENT AND RELATED ASSISTANCE. 50% PROVIDE EDUCATION AND TRAINING

SERVICES. 34% DO JOB TRAINING. AND MOST PROVIDE A VERY WIDE RANGE OF OTHER SERVICES. THEY HAVE BEEN DOING THIS WORK FOR A LONG TIME – THE MEDIAN AGE OF RURAL CDCS IS MORE THAN 20 YEARS. SELF-HELP ENTERPRISES, MY ORGANIZATION, STARTED HOUSING IN 1963, BEFORE THE WAR ON POVERTY. WE INCORPORATED IN 1965.

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THESE CDCS' SUCCESSES ARE REMARKABLE BECAUSE THE RESOURCES TO FUEL RURAL COMMUNITY DEVELOPMENT HAVE NEVER BEEN ADEQUATE.

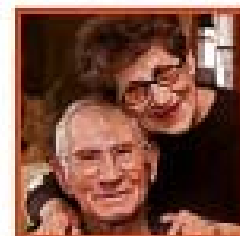
THE SAME STAND UP FOR RURAL AMERICA REPORT PAINTS A VIVID PICTURE OF THE PUBLIC AND PRIVATE RESOURCES THAT SURVEY RESPONDENTS TAP. THIS ANALYSIS DISTINGUISHES BETWEEN CDC'S THAT ARE EXCLUSIVELY RURAL AND THOSE THAT SERVE A MIX OF RURAL AND URBAN PLACES. IT COMPARES DATA FOR TOTALLY RURAL TARGET AREAS WITH DATA FOR CITY CDCS. NOT SUPRISINGLY, MORE RESOURCES GO TO CITY CDCS. RURAL CDCS RECEIVE SIGNIFICANTLY LESS SUPPORT FROM FOUNDATIONS, BANKS, CORPORATIONS AND OTHERS. THE LARGEST PUBLIC SUPPORTER OF RURAL CDCS IS US HUD.

How Does Support for Rural Community Developers Compare to Support for Urban Community Developers?

Sources*	Rural**	Urban
Private		
Banks	33%	54%
Corporations	14%	34%
Foundations	38%	56%
Intermediaries	32%	50%
Religious Institutions	11%	16%
United Way	12%	16%
Fee Income	16%	30%
Public		
USDA (All Programs)	50%	3%
US HHS (CSBG)	23%	3%
US HUD (All Programs)	75%	84%
US Treasury Dept. (CDFI)	7%	6%
SBA Microloans	4%	3%
State Government	34%	34%
Local Government	17%	34%

* Providing support of \$50,000 or more in any year between 2001 and 2004.

** Community developers serving rural areas only.



THIS SURVEY DATA REFLECTS WHAT WE ON THE GROUND EXPERIENCE FIRST HAND. SENATOR BAUCUS' RECENT CHALLENGE TO PRIVATE FOUNDATIONS IS A GREAT BEGINNING. HE CHALLENGED THEM TO DOUBLE RURAL GIVING OVER FIVE YEARS AND ADD RURAL PEOPLE TO THEIR BOARDS AND STAFFS; BUT MUCH, MUCH MORE NEEDS TO BE DONE.

IT IS NOT SURPRISING THEN THAT RURAL CDCS RELY HEAVILY ON PUBLIC RESOURCES. IN FACT, RURAL CDCS ARE AN UNRECOGNIZED DELIVERY SYSTEM FOR PUBLIC DOLLARS. THEY MARSHAL, MIX AND MATCH RESOURCES FROM INFLEXIBLE, OVER-REGULATED AND COMPLEX PUBLIC PROGRAMS. USDA AND US HUD PROGRAMS ARE TREMENDOUSLY IMPORTANT. KEY RESOURCES ARE SECTION 502 HOMEOWNERSHIP, SECTION 523 MUTUAL SELF-HELP HOUSING, SECTION 514/516 FARMWORKER HOUSING, SECTION 515 RENTAL HOUSING, THE HIGHLY SUCCESSFUL INTERMEDIARY RELENDING, OTHER BUSINESS AND COOPERATIVE PROGRAMS, COMMUNITY FACILITIES AND A RANGE OF INFRASTRUCTURE. SO ARE HUD RESOURCES FROM CDBG, HOME AND SHOP. TWO SMALL BUT EFFECTIVE PROGRAMS, THE RURAL COMMUNITY DEVELOPMENT INITIATIVE (RCDI) AND RURAL HOUSING AND ECONOMIC DEVELOPMENT (RHED), DESERVE SPECIAL MENTION BECAUSE THEY FUND CAPACITY BUILDING. BRICK AND MORTAR DOLLARS, PROJECT

AND VENTURE RESOURCES ARE VITAL. BUT INVESTING IN BUILDING CAPACITY IS JUST AS IMPORTANT. DEVELOPMENT MOMENTUM IS NOT SUSTAINABLE UNLESS THERE IS CAPACITY; NEITHER ARE COMMUNITIES. IT'S LIKE TEACHING A PERSON HOW TO FISH, INSTEAD OF GIVING HIM OR HER A FISH.

WHEN FEDERAL RURAL DEVELOPMENT PROGRAMS WORK THEY GENERALLY HAVE MORE APPLICANTS THAN THEY CAN SERVE. I'M PROUD THAT SELF-HELP ENTERPRISES HAS HELPED MORE THAN 5,000 FAMILIES BUILD THEIR OWN HOMES USING THE USDA SECTION 523 SELF-HELP PROGRAM AND SECTION 502 DIRECT MORTGAGE LOANS. BUT I HAVE TO LIVE WITH THE FACT THAT OUR WAITING LIST STANDS AT NEARLY 15,000 (14,939) FAMILIES, EACH WAITING FOR THE CHANCE TO BUILD DECENT HOMES FOR THEMSELVES AND SUPPORTIVE NEIGHBORS. THE URBAN AND RURAL DEMAND FOR AFFORDABLE HOMES AND APARTMENTS IS A HIDDEN, UNDECLARED NATIONAL EMERGENCY. IT IS CODE RED, NOT JUST FOR THE POOR, BUT THE TEACHERS, POLICE, FIRE FIGHTERS AND HEALTH CARE WORKERS. AND FOR THE MORE AND MORE CRITICAL SERVICES NEEDED AS RESIDENTS AGE IN PLACE AND OTHERS RETIRE TO RURAL COMMUNITIES.

UNFORTUNATELY, FEDERAL RESOURCES FOR RURAL AMERICA ARE SHRINKING AND PRIVATE CAPITAL IS NOT PICKING UP THE SLACK.

CONGRESS AND THE ADMINISTRATION HAVE MADE SUBSTANTIAL CUTS IN RURAL DEVELOPMENT SPENDING, REDUCING RESOURCES FOR RURAL HOUSING AND COMMUNITY DEVELOPMENT BY MORE THAN 20% IN THE PAST 6 YEARS. THE ADMINISTRATION'S BUDGET FOR FISCAL 2008 TAKES SQUARE AIM AT THE PROGRAMS WHICH ARE CRITICAL TO RURAL AMERICA'S FUTURE.

IN CLOSING, I WOULD LIKE TO MAKE THE FOLLOWING POINTS:

- THERE IS NO ONE "RURAL AMERICA." NO "ONE-SIZE-FITS-ALL" RURAL DEVELOPMENT STRATEGY WORKS.
- FEDERAL RESOURCES ARE CRITICAL TO CONTINUED EFFORTS TO ADDRESS RURAL NEEDS AND MUST BE EXPANDED, NOT REDUCED.
- PRIVATE FUNDERS AND INVESTORS SHOULD BE ENCOURAGED TO INCREASE THEIR STAKE IN AMERICA'S RURAL COMMUNITIES.
- THERE IS AN EFFECTIVE INFRASTRUCTURE OF RURAL COMMUNITY DEVELOPERS ACTIVELY WORKING TO MEET NEEDS AND CREATE AND REALIZE THE OPPORTUNITIES.
- INVESTING MORE IN BUILDING THE CAPACITY OF EXISTING COMMUNITY DEVELOPERS IS THE MOST EFFICIENT AND EFFECTIVE WAY TO ALLOCATE LIMITED DOLLARS.

THANK YOU FOR THE OPPORTUNITY TO SPEAK BEFORE YOU TODAY.